I&T 100 YEARS OF LEADERSHIP

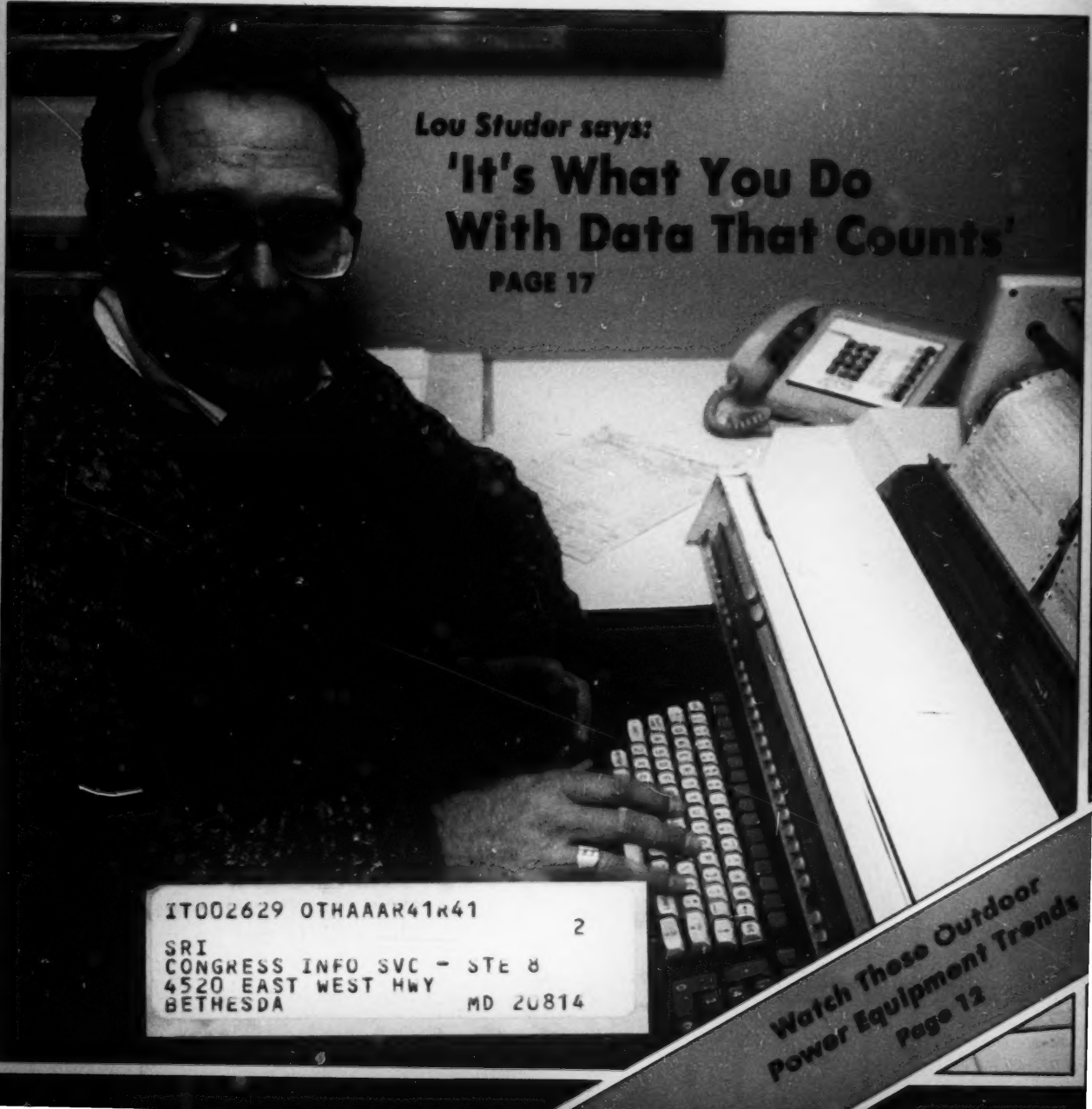
Implement & Tractor

The business magazine of the farm and industrial equipment industry

March 1989

Deere's New Product Salvo

page 22



Lou Studor says:

'It's What You Do With Data That Counts'

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Watch These Outdoor Power Equipment Trends

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I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry.

March 1989 • Vol. 104 • No. 3

On Our Cover

Here's the story of one dealer's approach to sales and how he uses computer-generated data to make more profit.

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10: **Some dealers** might think Gehl's new marketing plan is a tactic to muscle them into ordering more product. Fritz Aschliman, however, loves it.

12: **New trends** in outdoor power equipment: People change, markets change. Fresh product ideas generally follow.

19: **The Long** rebound: Long Mfg. N.C. has reorganized itself and is making substantial profits.

21: **White: gold,** green, silver, and red: New American-made tractors, 60 and 80 hp, offer a color choice.

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22: **Deere's biggest** package ever: A 105-200-hp tractor range, a new combine series, a five-row cotton picker and more.

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28: **Sold HOW MANY** tractors in a year? Here's a look at a large, diversified West German equipment dealership.

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Retail Sales Start The Year With Thud

RETAIL SALES of farm equipment were down in January for most major reported product categories, according to the Farm & Industrial Equipment Institute flash report.

On the consoling side, the FIEI always attaches this cautionary paragraph to the end of each flash report:

"These data are, in part, estimates which are subject to revisions when final detail data become available. Because of the seasonal nature of the industry, comparisons of monthly data from one period to another should be done with extreme caution. These data represent most, but not all, of the manufacturers in each product category...."

	Unit Retail Sales		
	January		
Equipment	1989	1988	% Change
Farm Wheel Tractors:			
2-Wheel Drive			
Under 40 HP	2,232	3,135	(28.8)
40 & Under 100 HP	2,229	2,377	(6.2)
100 & Under 140 HP	418	510	(18.0)
140 HP & Over	1,289	1,247	3.4
Total 2-Wheel Drive	6,168	7,269	(15.1)
4-Wheel Drive			
Under 200 HP	99	66	50.0
200 HP & Over	165	114	44.7
Total 4-Wheel Drive	264	180	46.7
Total Farm Wheel Tractors	6,432	7,449	(13.7)
Combines (Self-Propelled)	365	602	(39.4)
Retangular Balers (Bales under 200 lbs)	297	188	58.0
Forage Harvesters (Shear Bar Type)	85	63	34.9
Mower Conditioners	428	289	48.1

Exports, Imports Up In 1st Nine Months

In the first nine months of 1988, both exports and imports of farm equipment from and to the U.S. recorded strong increases, according to U.S. Dept. of Commerce data.

Exports rose 24 percent from the same period of 1987 to $1.466 billion while imports increased 30 percent to $1.717 billion.

Major U.S. customers and their volumes of equipment purchases: Canada, $472 million, down 9 percent; France, $102 million, up 41 percent; Saudi Arabia, $93 million, up 25 percent; Australia, $87 million, up 168 percent; Mexico, $81 million, up 65 percent; United Kingdom, $80 million, up 66 percent; Belgium, $65 million; West Germany, $60 million, up 39 percent; Venezuela, $46 million, up 36 percent; South Africa, $30 million, up 63 percent.

Principal sources of imports: Canada, $447 million, up 28 percent; Japan, $317 million, down 3 percent; United Kingdom, $278 million, up 62 percent; West Germany, $227 million, up 24 percent; Italy, $120 million, up 26 percent; France, $97 million, up 130 percent.

Group Seeks to End Steel Import Quotas

An organization calling itself the Coalition of American Steel Using Manufacturers has been formed in Washington, D.C., to fight a proposed extension of import quotas on steel. The group has released a study which it says shows "the economic harm caused by these quotas."

Among the 189 member companies and organizations listed in the coalition is the Farm & Industrial Equipment Institute. Also involved are these firms connected with the farm and industrial equipment industry: Can-Am Industries, Caterpillar Inc., Clark Equipment Co., Cummins Engine Co., Sundstrand-Sauer Co. and Tenneco Inc.

The steel quotas, known as voluntary restraint agreements, are scheduled to expire Sept. 30, 1989. American steelmakers are pressing the administration to extend them until 1994 and expand them to cover more products and countries, according to CASUM.

CASUM is located at 555 Thirteenth St. N.W., Washington, D.C. 20004-1109, telephone 202-637-8622.

Deutz-Allis Moving HQ To Atlanta

Deutz-Allis Corp. will relocate its corporate headquarters from West Allis, Wis., to Atlanta, Ga., according to Robert J. Ratliff, president and chief executive officer.

West Allis has been the company's base since it was established in 1985 and before that the headquarters since the founding of Allis-Chalmers, one of its predecessors. The other predecessor, Deutz Corp., a subsidiary of KHD, a German conglomerate, had been based in Atlanta since the 1960s.

Ratliff said closing the West Allis office will save the company $1.5 million. Completion of the move is set for June 30. By then, some of the West Allis-based corporate staff will be sent to Atlanta. Others will move to offices in Batavia, Ill., where the company's parts operations are based, Independence, where the Gleaner combine works is located, and other regional offices. The West Allis office employs about 135 people.

Citicorp deal. Deutz-Allis and Citicorp., the largest provider of financial services in the U.S., have announced an agreement whereby Citicorp will provide a "wide range of financial services to Deutz-Allis and the dealer organization."

Briefly...

Farm Equipment Mfrs. Assn. Spring Management Clinic is set for April 1-5 at the Doubletree Hotel, Tucson, Ariz. Program focuses on manufacturer-supplier concerns.

New Trends in Outdoor Power Equipment

People change, markets change. Fresh product ideas generally follow. Here's a look at some movements and the responses they have generated.

By SCOTT NESBITT

THERE'S A new, highly competitive situation in the lawn and garden business. Be thankful of it. It's generating a lot of new products and technical improvements that make for an exciting market.

Consider these trends that are driving the lawn and garden industry in some new directions:

Baby boomers are getting a bit older, stiffer at the knee. Lots of these citizens are deciding they prefer a green thumb to tennis elbow. So gardening has become the new rage in Yuppieville, and there are products to satisfy the demand.

Ecological concerns are starting to come true. In some areas, landfills are running out of room and no longer accept organic matter, or charge plenty for it. Again, there are products for the problem.

Single-family housing has been substantial in recent years: 750,000 in 1986, 671,000 in 1987, 677,000 in 1988. Experience shows that many of these new homeowners will try to get by with inadequate outdoor power equipment the first year or two, then become candidates for good, new machinery after becoming disenchanted with their discount-store mowers.

Despite drought in 1988, sales of all outdoor power equipment categories were up from 1987 except for walk-behind mowers. Even these declined only 5 percent to 5.6 million units. Other products had this experience:

Product	Unit Sales	Pct. Change
Garden tractors	170,000	+13.3
Front-engine riders	800,000	+1.4
Rear-engine riders	375,000	0
Rotary tillers	272,000	+4.7

Conditions seem right for dealers who can work with customers to find lawn maintenance machines that are right for the job. (Remember, trees are part of the lawn.) Dealers who can demonstrate should be in a particula good position.

Tight turns

For a lot of dealers, 1989 may down as the year buyers got seri about tight-turning riding mowe thanks to technical developme from some of the big companies.

Dealers who have handled zero-turning-radius or front-d mowing rig know there is so customer reluctance to buy s machines. They just don't han like the family car. The ones t use sticks or stalks for steering t some getting used to, and pec like a steering wheel in their han

Also, many front-deck, rear-s machines, though they have a st ing wheel, provide a jerky steer feel as the machine's mass is be turned. Again, more getting u to. Many shoppers have t turned from such innovations discount-house riders with t desirable auto-steer feeling. that may be starting to change.

Toro hits the market this y with the HMR (highly man

(See TRENDS, page 14)

verable rider) series, including two models, a 12-hp, 38-inch-deck unit and a 16-hp, 44- or 52-inch-deck unit. It looks like a normal rear-engine rider, but the front wheels turn 80 degrees in either direction, providing a 4-inch turning radius. The problem of rear-wheel hop in tight turns is solved by using two separate 5-speed transmissions and some freewheel clutches. The net effect is a rider that takes no learning to operate and turns at almost zero radius.

Two other firms have brought out tight-turning front-engine riders whose rear wheels turn in conjunction with the front wheels.

Kubota has this four-wheel steering on three models, two diesels with 16 and 18 hp, and a gasoline version at 21 hp. All are liquid-cooled and handle mowing decks of 48, 54 and 60 inches plus other garden implements. Called the G series, it also has hydrostatic transmissions and cruise control.

Noma Outdoor Products also has a front-engine rider with four-wheel steering, with plans for a 12-hp, 40-inch-deck model for this season.

These offerings join the radical Honda RT5000 that came out in 1987 with four-wheel steering *and* four-wheel drive. Unlike the Honda, the Kubota and Noma mowers are not complex marvels of engineering, but they are straightforward designs that go a step ahead of their bretheren.

They are not likely to sell themselves sitting on the showroom floor. The reduced mowing time and convenience of design will have to be shown on someone's lawn, where families will see their advantages. The good news for dealers is that these machines are just conventional enough to make potential buyers comfortable, but they are also distinctive enough to set themselves apart.

Is that a big selling point? Consider: Walk-behind sales are down and riding sales are up. As the mowing population ages, riders are seen as being the machine of choice for more buyers. Some corporate planners expect the next big wave of growth will be in smaller-sized riding mowers with extremely high maneuverability as obstacles continue growing and being installed on America's lawns.

Improved walk-behinds

Meanwhile, manufacturers are improving walk-behind mowers and new firms are joining the fray. With a simple walk-behind retailing for $200 and complex, electric-start, self-propelled models edging over the $500 mark and reaching toward $700 for the upscale brands, there's a lot of money in that market.

Walk-behinds are improved in several ways:

Better engines, with electronic ignitions, precision carburetors and sometimes overhead valves, have made starting a one-pull operation. Some brands guarantee it.

ATTACHMENTS to broaden the utility of outdoor power units continue to multiply. Lawrence Inc. puts its hopper on front-mount mowers and on tractors with Category I 3-point hitch. Also available: steel fork set, tote platform bracket kit, scoop, tool organizer.

Cables and gizmos that were added to comply with industry safety standards in the early 1980s are now well-incorporated into the machines. A mower user should no longer have to fight the starter rope to remove the grass bag, for instance.

Better designs are now on hand that allow conversion from rear bagging to side-discharge to mulching operation by simply installing, without tools, the appropriate attachments.

Warranties of two years are common; some are longer. Warranties emphasize the benefits of having a servicing dealer.

One-speed self-propelled mowers are fading from the scene. The best new machines offer three to five fixed speeds; more are offering variable speed drives to match operator desires exactly.

Honda shook up the walk-behind mower market in the early 1980s with a product line that set today's standards for technical refinement, user convenience, easy starting and quiet operation. They proved premium mowers will sell if they are really better.

For dealers who missed that opportunity, other foreign manufacturers are getting into the U.S. market with attractive products. In fact, the field is getting crowded. Here's an update:

Echo, the Japanese chainsaw and blower people, have walk-behinds using a Homelite/Jacobsen chassis with both Echo and Briggs & Stratton engines. There are also Echo engines available as premium replacements for other brands of lawn mower.

Husqvarna, the Swedish chainsaw firm, has B&S engines on their walk-behind mower decks made of plastic and featuring "ergonomic" handles. They also have a front-deck rider with articulated rear steering.

Solo, German horticultural sprayer and chainsaw makers, have walk-behind mowers with the ability to cut and bag the denser grasses found in the damp parts of Europe. So far, they are using B&S engines but are capable of building their own.

Sachs-Dolmar, German chainsaw firm with a big tie into automotive transmissions and moped engines, bring in a line of walk-behinds featuring their own engine. **Ariens,** the Wisconsin tiller and rider people who got back into walk-behinds a few years ago, are using the same Sachs engine on their mowers.

Kubota walk-behinds feature an engine they build and a special turbo suction fan they say improves bagging power.

Yamaha, maker of motorcycles and pianos, brought out riding mowers last year, using engines

adapted from their golf carts, and is now showing prototype walk-behinds.

What makes these new entries any different or better than the domestic products? Generally, the wheelbases are longer, for better straight-line stability and balance against a loaded grass bag. Designs avoid side-snag against things like chain-link fences. The overall level of quiet, finish, feel and styling are considered by many to be a step up. Also, they're not likely to be found in mail-order catalogs and discount stores.

Mini-tillers

A relatively new product turning up in many places is the mini-tiller, the little dirt churner that can be picked up in one hand. These machines, from Hoffco, Mantis and others, can turn dirt to a practical depth of three or four inches, making them useful for readying seedbeds. They're fine for cultivating because they do the job of a hoe without the sweat. There are

SOLO, a European import, typifies a style trend with shielding on the sides and snag-proof wheels.

options like a sidewalk edger and dethatching tines.

The net effect of these machines is that they are multi-purpose lawn and garden maintenance machines. The drawback and the opportunity lie in the fact that customers are unfamiliar with the general concept. The advantage goes again to the dealer who can find a way to demonstrate the tool *without* investing more time and money than can be realized from selling it. Retail prices run from about $250 to $500, about like good and string trimmers.

Mini-shredders

Landfills are filling up, particularly on the East and West Coasts and in larger midland cities. The Environmental Protection Agency has strict rules for drainage and covering these dumps. The result has been that many dumps no longer accept loose or bagged leaves or twigs and branches. Others will, but they add a surcharge which trash hauling services pass back to customers.

Enter the mini-shredder.

The idea of the shredder is that ground-up wood and leaves decompose quickly and can be kept in a compost pile in the backyard. Or wood chips can be spread under trees and shrubs as a mulch. The mulch helps shield the soil from ex-

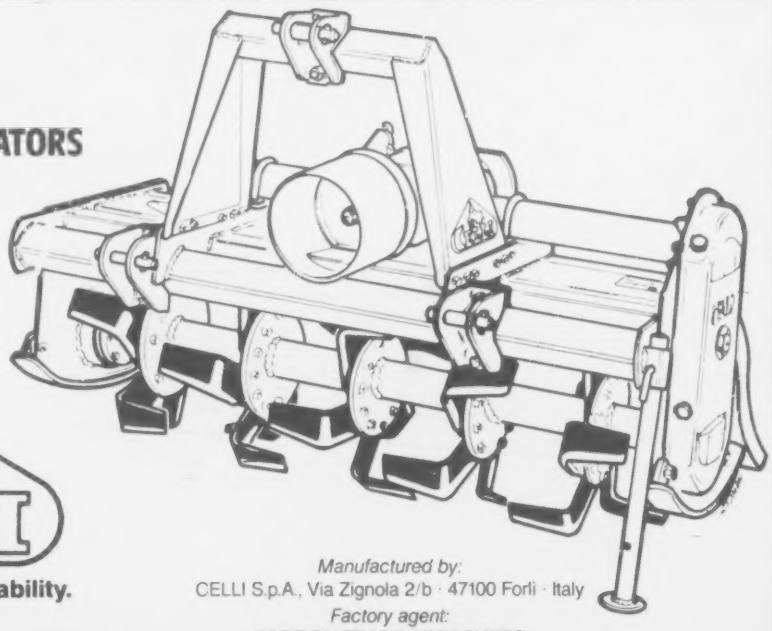
(See POWER, pg. 30)

ROTARY TILLERS

STRAIGHT TINE CULTIVATORS

POWER HARROWS

SPADING MACHINES



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INVENTORY WATCH

What's Happening To Stockpiles In Relation To Sales.

Equipment	U.S. Inventory Levels Dec. 31, 1987	July 31, 1988	Aug. 31, 1988	Sept. 30, 1988	Oct. 31, 1988	Nov. 30, 1988	Dec. 31, 1988	12-Month Sales, Jan. 1, 1988-Dec. 31, 1988
Tractors								
Under 40 hp	60,179	58,976	61,345	61,282	60,565	59,952	59,117	54,741
40-99 hp	20,042	19,861	20,635	20,805	19,996	20,024	20,602	33,154
100 hp and over	5,524	7,212	8,067	8,778	8,737	9,696	9,620	16,122
Four-wheel drive	1,697	1,727	1,704	1,749	1,567	1,495	1,401	2,729
Total Tractors	**87,442**	**87,776**	**91,751**	**92,614**	**90,835**	**91,167**	**89,339**	**106,746**
S-P Combines	3,588	4,082	4,138	3,844	3,585	3,435	3,396	5,955

Source: Farm & Industrial Equipment Institute

LONG *(from page 20)*

paint, hoses, seals, seats and lighting packages.

Products, markets

Long has targeted the weekend farmer as its prime market. Its tractors have horsepower ratings of 28, 36, 42, 49 and 64 at the pto. Eventually, the company intends to expand the horsepower range in both directions, but toward the higher end first. Cabs for the tractors are sourced domestically.

Long officials say that all the tractors are pre-sold when they come off the Tarboro line. The company provides floor planning for all its dealers.

In 1979, grain bins accounted for 40 percent of Long Mfg. N.C. sales. Irrigation equipment generated about 20 percent. Today, these two categories produce less than 30 percent of revenues.

Ten years ago, implements were 3 percent of volume. Today they make up 20 percent of it.

Tractors in 1989 are expected to comprise almost 45 percent of sales. Grain bins, cotton wagons, peanut combines, loaders, backhoes and irrigation systems continue to represent Long's effort to maintain a position in the market serving row-crop farmers. The company feels it is in a flexible enough position as a manufacturer to shift production to other related types of equipment as demand arises.

For 1989, Long expects to increase revenues by 25 percent to $30 million and to generate incrementally higher profits as a result of its stabilized overhead structure. This substantial improvement over 1988 results is expected to come primarily from sales of tractors and implements. But due to the resurgence of the agricultural market, Long Mfg. looks for an improved market for its specialty products: tobacco barns, grain bins, peanut wagons and plenims, cotton wagons and its new line of heavy-duty cutters.

William Long, the company's founder, is now retired. Long Mfg. N.C., Inc., is now owned by a group of institutional investors. □

DEERE *(from page 23)*

system have been redesigned and new turbochargers installed.

The models are: The 4055 (105-pto horsepower, 65-gal. fuel tank, 6,550-lb. hitch lift capacity); the 4255 (120 pto hp, 65-gal. fuel tank, 6,550-lb. hitch lift capacity); the 4455 (140 pto hp, 65-gal. fuel tank, 6,550-lb. hitch lift capacity); the 4555 (155 pto hp, 102-gal. fuel tank, 8,870-lb. hitch lift capacity); the 4755 (175 pto hp, 102-gal. fuel tank, 8,870-lb. hitch lift capacity); and the 4955 (200 pto hp, 102-gal. fuel tank, 9,710-lb. hitch lift capacity).

The 16F/6R Quad-Range transmission with Perma-Clutch is standard on all models except the 4955. The deluxe full-powershift transmission (15F/4R) is standard on the 4955 and optional on the 4055 through 4755.

A pressure-compensated closed-center hydraulic system maintains standby pressure of 2530 psi. Two poppet-type selective control valves with ISO breakaway couplers are standard; a third one is optional on the 4055, 4255 and 4455. On the larger ones, three valves are standard and a fourth is available as an option.

Deere says that the series, equipped with most popular options, has a price range from $46,000 to $88,000.

POWER *(from page 15)*

cessive sunlight and retains moisture.

After last year's drought, that's a pitch many homeowners can understand. Pay for the shredder by saving on trash-hauling fees. Prices range from $300 for some electric units to $500-$600 for small, 3-hp shredders and up to $1,000 and more for 8-hp models.

Again, demonstration is important on shredders because they're new to most homeowners. Many buyers will need assurance that something that mulches wood can be as safe as the kitchen garbage disposal unit.

Ned Van Woert, a marketer with Troy-Built, said studies show the median family income for shredder purchasers is $38,000, with most owning some land around their homes.

"We want people to see the product as an outdoor garbage disposal. They have one in their sink. Why not one in their backyard?" □

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